

Statement for Chairman Tom Davis  
Subcommittee on Energy and Resources  
Committee on Government Reform  
September 12, 2006

Good morning. I would like to take this opportunity to commend Chairman Issa and his staff on their thorough look at the issue of natural gas royalties from federal offshore leases. This is the fourth Subcommittee hearing on this issue. Tomorrow, I will be holding a full Committee hearing as a follow up to today.

I am disheartened by the facts uncovered by the Subcommittee during its six month investigation and by the Department of the Interior's Inspector General's Office. Uncovering waste, fraud, and abuse is what this Committee does best. When failings within the government are identified, we need to remedy them as quickly as possible. Unfortunately, as it pertains to the deep water drilling leases signed under the Deep Water Royalty Relief Act, this was not the case at the Department of Interior.

Today we will hear the findings of the Inspector General's investigation. We will hear of conflicting accounts from within the Department of Interior as to why price thresholds were omitted from deep water leases in 1998 and 1999. We will hear of conflicting accounts as to when the omission was discovered. We will also hear of an internal Department decision, made in 2000, against disclosing the omissions to the Director of the Minerals Management Service. It is unacceptable that the omission of price thresholds, which could cost the country billions of dollars, could be concealed for five years.

Unfortunately, as the Inspector General has found, the deep water lease issue is not an exception at the Department of the Interior. The Inspector General's Office has issued countless reports citing cases of ethics failures and a history of ineffective management and policies within the Department. These failings permeate employee morale, as the Inspector General's Office found in 2004 that forty-six percent of employees within the Department believed that "discipline was administered fairly only 'sometimes,' if ever."

Tomorrow, at a full Committee hearing, we will receive testimony from Lynn Scarlett, Deputy Secretary of Interior and Johnnie Burton, Director of the Minerals Management Service. The hearing will give these witnesses a chance to respond to the Inspector General's report and provide Members with an opportunity to delve further into the issues that appear to plague the Department of Interior.

Now is the time for Secretary Kempthorne to rectify the long standing culture of disregarding and dismissing examples of waste, fraud, and abuse within the Department of Interior. While we can't change the decisions in 2000 that kept the omissions in the contract hidden for five additional years, we can learn from the past and commit ourselves to working to reform the Department of Interior and remedy these long standing inadequacies. American taxpayers demand and deserve nothing less.

